



The Central Bank (“the Bank”) is maintaining the countercyclical capital buffer (CCyB) rate on Irish exposures at 1.5 per cent. Today’s announcement reflects no change to the Bank’s policy stance for the CCyB. The Bank’s strategy considers a CCyB rate of 1.5 per cent to be appropriate when cyclical risk conditions are neither elevated nor subdued.<sup>1</sup>

Maintaining the CCyB rate at 1.5 per cent is appropriate in the context of the current macro-financial environment. Moderate growth in domestic economic activity in the first half of 2024 is, in the central outlook for the economy, projected to continue, with the economy operating around its medium-term potential.<sup>2</sup> While geopolitical tensions bring with them the possibility of further negative shocks, at the same time capacity constraints in the domestic economy could contribute to overheating dynamics in the medium term.<sup>3</sup> While bank credit standards have been tightening somewhat, bank credit growth has remained relatively stable in recent months. The residential (RRE) and commercial real estate (CRE) sectors continue to see contrasting dynamics, with RRE price growth accelerating in recent months whereas double-digit rates of decrease are still present in CRE prices.<sup>4</sup> At this point in time, the banking sector continues to absorb, rather than amplify the overall impact associated with the higher rate environment, including the shock to the CRE sector. Balancing these considerations, the Bank is maintaining its existing CCyB policy stance.

The Bank will continue to monitor developments closely. The CCyB could be increased above 1.5 per cent were the Bank to deem that cyclical risks were becoming elevated. On the other hand, having the CCyB in place provides scope for its release, should it be required in response to a materialisation of risks. Future CCyB rate decisions will be based on macro-financial conditions in a manner consistent with the Bank’s strategy for the CCyB.

<sup>1</sup> For further information see [the Central Bank’s framework for macroprudential capital](#) and [CCyB addendum](#).

<sup>2</sup> See [Quarterly Bulletin Q2 2024](#).

<sup>3</sup> See [Financial Stability Review 2024:I](#).

<sup>4</sup> On a year-on-year basis.